



DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

7 CFR Part 1471

Pima Agriculture Cotton Trust Fund (Agriculture Pima Trust) and Agriculture Wool Apparel Manufacturers Trust Fund (Agriculture Wool Trust)

AGENCY: Commodity Credit Corporation and Foreign Agricultural Service, U.S.

Department of Agriculture (USDA).

ACTION: Final rule.

SUMMARY: This final rule amends the USDA regulations on the Agriculture Pima Trust and Agriculture Wool Trust to make technical corrections to update outdated dates and references and to clarify the eligibility and manner in which payments will be calculated under the programs.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Curt Alt; Telephone: (202) 690-4784; email: curt.alt@usda.gov. Persons with disabilities who require an alternative means for communication of information (e.g., Braille, large print, audiotape, etc.) should contact Angela Ubrey (Human Resources, 202-772-4836) or Constance Goodwin (Office of Civil Rights, 202-379-6431).

SUPPLEMENTARY INFORMATION: The Agriculture Pima and Agriculture Wool Trusts provide annual payments to U.S. cotton and wool producers to reduce the injury resulting from tariffs on cotton and wool fabrics that are higher than tariffs on certain apparel articles made of cotton and wool fabric. The program regulations were last updated in 2019 to incorporate changes introduced in the Agriculture Improvement Act of 2018 (2018 Farm Bill; Pub. L. 115-334), but the Commodity Credit Corporation

(CCC) has identified areas where technical corrections are necessary to remove unnecessary and outdated references and dates. This final rule makes those technical corrections where needed.

In addition, this final rule also clarifies the qualifying fabric in the payment calculation for manufacturers of cotton shirts to eliminate confusion for applicants and reduce the risk of waste, fraud, and abuse. The clarifying revisions are intended to resolve any confusion among manufacturers of cotton shirts as to the calculation of qualifying fabric to be submitted in their affidavits. CCC is updating the regulations to clarify, consistent with Section 12314 of the Agricultural Act of 2014 (Pub. L. 113-79), as revised in Section 12602 of the 2018 Farm Bill, that the reporting and documentation requirements for the requested affidavits is based on qualifying fabric that was purchased in the preceding year in the amount of qualifying fabric that was actually used by the manufacturer in the production of men's and boys' shirts in that year in order to reduce the potential for improper payments. This clarification is intended to ensure that CCC calculates payments on the same qualifying fabric basis for all applicants. The value of qualifying fabric purchased for any other purpose, including fabric held in inventory or destined for resale or other use, is not eligible for payment under the Agriculture Pima Trust and should not be included by the manufacturer in the amount reported in its affidavit.

This rule involves a matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts. Accordingly, notice and other public procedure on this rule are unnecessary and this rule may be made effective less than 30 days after publication in the Federal Register. See 5 U.S.C. 553. Further, this action is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C. 601) and, thus, is exempt from the provisions of that Act.

E-Government Act Compliance

CCC is committed to complying with the E-Government Act of 2002 (44 U.S.C. chapter 36), to promote the use of the internet and other information technologies to provide increased opportunities for citizens' access to Government information and services, and for other purposes.

Executive Order 12866 and 13563

Executive Order 12866, "Regulatory Planning and Review," and Executive Order 13563, "Improving Regulation and Regulatory Review," direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity).

Executive Order 13563 emphasized the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. The requirements in Executive Orders 12866 and 13573 for the analysis of costs and benefits apply to rules that are determined to be significant. It has been determined that this action is not significant for the purposes of Executive Order 12866; therefore, was not reviewed by the Office of Management and Budget.

Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 et seq.), the Office of Information and Regulatory Affairs has designated this action as not a major rule, as defined by 5 U.S.C. 804(2).

Executive Order 12988

This rule has been reviewed in accordance with Executive Order 12988, "Civil Justice Reform." This rule does not preempt State or local laws, regulations, or policies unless they present an irreconcilable conflict with this rule. This rule will not be retroactive.

Executive Order 12372

Executive Order 12372, “Intergovernmental Review of Federal Programs,” requires consultation with officials of State and local governments that would be directly affected by the proposed Federal financial assistance. The objectives of the Executive order are to foster an intergovernmental partnership and a strengthened federalism by relying on State and local processes for the State and local government coordination and review of proposed Federal financial assistance and direct Federal development. This rule will not directly affect State or local officials and, for this reason, it is excluded from the scope of Executive Order 12372.

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601–612), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, generally requires an agency to prepare a regulatory flexibility analysis of any rule that is subject to notice and comment rulemaking under the Administrative Procedure Act (APA) or any other law, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. The Regulatory Flexibility Act does not apply to this rule because CCC is not required by the APA or any other law to publish a notice of proposed rulemaking with respect to the subject matter of the rule.

Executive Order 13132

This rule has been reviewed under Executive Order 13132, “Federalism.” This rule will not have any substantial direct effect on States, on the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government, except as required by law. This rule does not impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States was not required.

Executive Order 13175

This rule has been reviewed in accordance with the requirements of Executive

Order 13175, “Consultation and Coordination with Indian Tribal Governments.”

Executive Order 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes. CCC does not expect this rule to have any effect on Indian tribes.

Unfunded Mandates

Title II of the Unfunded Mandate Reform Act of 1995 (UMRA, Pub. L. 104-4) requires Federal agencies to assess the effects of their regulatory actions on State, local, or Tribal governments or the private sector. Agencies generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with Federal mandates that may result in expenditures of \$100 million or more in any 1 year for State, local, or Tribal governments, in the aggregate, or to the private sector. UMRA generally requires agencies to consider alternative methods and adopt the more cost effective or least burdensome alternative that achieves the objectives of the rule. This rule contains no Federal mandates under the regulatory provisions of Title II of the Unfunded Mandates Reform Act of 1995 for State, local, or Tribal governments, or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Paperwork Reduction Act

This final rule contains no new reporting, recordkeeping, or third-party disclosure requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.).

List of Subjects in 7 CFR Part 1471

Agricultural commodities, imports.

For the reasons set forth in the preamble, CCC revises 7 CFR part 1471 to read as follows:

PART 1471—PIMA AGRICULTURE COTTON TRUST FUND (AGRICULTURE PIMA TRUST) AND AGRICULTURE WOOL APPAREL MANUFACTURERS TRUST FUND (AGRICULTURE WOOL TRUST)

Subpart A—Agriculture Pima Trust

Sec.

1471.1 Provisions common to this subpart.

1471.2 Pima cotton payments.

1471.3 Affidavit of producers of ring spun pima cotton yarn.

1471.4 Affidavit of manufacturers of pima cotton shirts.

1471.5 Affidavit of pima cotton trade associations.

Subpart B—Agriculture Wool Trust

1471.10 Provisions common to this subpart.

1471.11 Payments to manufacturers of certain worsted wool fabrics.

1471.12 Refund of duties paid on imports of certain wool products.

1471.13 Monetization of the wool tariff rate quota.

1471.14 Wool yarn, wool fiber, and wool top duty compensation payment.

AUTHORITY: Sections 12314 and 12315, Pub. L. 113-79, 128 Stat. 649, as amended by sections 12602 and 12603, Pub. L. 115-334, 132 Stat. 4490 (7 U.S.C. 2101 note and 7101 note).

Subpart A—Agriculture Pima Trust

§1471.1 Provisions common to this subpart.

(a) *Agriculture Pima Trust*—(1) *Establishment*. The Agriculture Pima Trust has been established to provide funding for payments under this subpart.

(2) *Purpose*. The purpose of the Agriculture Pima Trust is to reduce the injury to domestic manufacturers resulting from tariffs on cotton fabric that are higher than tariffs on certain apparel articles made of cotton fabric.

(3) *Funding availability*. \$16,000,000 will be available annually for eligible payments authorized under this subpart.

(4) *Definitions*. As used in this subpart:

Agriculture Pima Trust means the Pima Agriculture Cotton Trust Fund.

CCC means the Commodity Credit Corporation.

FAS means the Foreign Agricultural Service.

Secretary means the Secretary of Agriculture.

U.S. means the United States of America.

(b) *Other provisions common to this subpart*—(1) *Affidavits*. FAS shall annually, not later than February 15 of the year of the applicable payment, make affidavits available on the FAS website. Affidavits must be submitted in accordance with the instructions provided on the FAS website.

(2) *Filing deadline*. Any person filing an affidavit under this subpart for a particular year must file the affidavit not later than March 15 of the applicable calendar year.

(3) *Affirmation*. By submitting an affidavit under this subpart, an applicant is affirming that all information contained in the application is complete and correct and that the information does not contain a false claim, statement, or representation.

(4) *Document retention.* All persons receiving a payment under this subpart must maintain all pertinent documentation for 3 years after the year of receipt of the payment.

(5) *False statements.* Persons providing false or fraudulent claims, or persons making materially false statements or representations in their affidavit, are subject to civil or criminal penalties pursuant to 18 U.S.C. 1001.

(6) *Confidentiality.* Specific business information that is marked “business confidential” will be protected from disclosure to the full extent permitted by law.

(7) *Review of affidavits.* Affidavits will be reviewed to determine whether they are complete and responsive to the content and form of affidavit requirements under this subpart.

(8) *Finality of determinations by Secretary.* A determination by the Secretary about a payment under this subpart shall be final and is not subject to appeal or protest.

(9) *Timing of payments.* A payment for which a person is eligible under this subpart will be disbursed not later than April 15 of the applicable year.

(10) *Sequester.* Payments covered by this subpart shall be subject to sequester of payments, if required by law.

§1471.2 Pima cotton payments.

From available funds in the Agriculture Pima Trust, CCC will annually make payments as follows:

(a) Twenty-five percent of the amounts in the Agriculture Pima Trust shall be paid to one or more nationally recognized associations established for the promotion of pima cotton for use in textile and apparel goods, as determined by the Secretary, during the calendar year immediately preceding the payment.

(b) Twenty-five percent of the amounts in the Agriculture Pima Trust shall be paid to yarn spinners of pima cotton that produce ring spun cotton yarns in the U.S.

during the calendar year immediately preceding the payment, to be allocated to each yarn spinner in an amount that bears the same ratio as:

(1) The yarn spinner's production of ring spun cotton yarns measuring less than 83.33 decitex (exceeding 120 metric number) from pima cotton in single and plied form during the prior calendar year; bears to

(2) The production of the yarns described in paragraph (b)(1) of this section during the prior calendar year by all yarn spinners that qualify under this paragraph (b).

(3) A yarn spinner will not receive an amount under this paragraph (b) that exceeds the cost of pima cotton that was:

(i) Purchased during the prior calendar year; and

(ii) Used in spinning any cotton yarns.

(4) The Secretary will reallocate any amounts reduced by reason of the limitation under paragraph (b)(3) of this section to spinners using the ratio described in this paragraph (b), disregarding production of any spinner subject to that limitation.

(c) Fifty percent of the amounts in the Agriculture Pima Trust shall be paid to manufacturers that certify, pursuant to the affidavit under §1471.4, that, during the calendar year immediately preceding the payment, they used imported cotton fabric to produce men's and boys' shirts, to be allocated to each manufacturer in an amount that bears the same ratio as:

(1) The dollar value (excluding duty, shipping, and related costs) of imported woven cotton shirting fabric of 80s or higher count and 2-ply in warp purchased by the manufacturer during the prior calendar year to produce men's and boys' shirts; bears to

(2) The dollar value (excluding duty, shipping, and related costs) of the fabric described in paragraph (c)(1) of this section purchased during the prior calendar year by all manufacturers that qualify under this paragraph (c).

§1471.3 Affidavit of producers of ring spun pima cotton yarn.

In addition to any applicable information requirements in §1471.1, a producer of ring spun cotton yarn must annually provide an affidavit that affirms:

(a) During the calendar year immediately preceding the payment, the yarn spinner used pima cotton to produce ring spun cotton yarns in the U.S. measuring less than 83.33 decitex (exceeding 120 metric number), in single and plied form;

(b) In the prior calendar year, the yarn spinner actually produced the quantity, measured in pounds, of ring spun cotton yarns measuring less than 83.33 decitex (exceeding 120 metric number), in single and plied form, reported on the affidavit;

(c) The yarn spinner maintains supporting documentation about such production during the prior calendar year that shows the actual quantity of such yarns produced, and evidencing the yarns as ring spun pima cotton yarns measuring less than 83.33 decitex (exceeding 120 metric number), in single and plied form; and

(d) The dollar amount of pima cotton purchased during the prior calendar year that was used in spinning any cotton yarns, and for which the producer maintains supporting documentation.

§1471.4 Affidavit of manufacturers of cotton shirts.

(a) *Definition of qualifying fabric.* In this section, the term “qualifying fabric” means imported woven cotton shirting fabric of 80s or higher count and 2–ply in warp.

(b) *In general.* In addition to any applicable information requirements in §1471.1, a producer of men’s and boys’ cotton shirts must annually provide an affidavit that affirms:

(1) During the calendar year immediately preceding the payment, the manufacturer used qualifying fabric to cut and sew men’s and boys’ cotton shirts in the U.S. and the manufacturer has maintained production records evidencing the dollar value

of qualifying fabric used to cut and sew men's and boys' cotton shirts;

(2) The dollar value of qualifying fabric purchased by the manufacturer during the calendar year immediately preceding the payment, except that the dollar value of fabric reported shall not exceed the dollar value of qualifying fabric used by the manufacturer to cut and sew men's and boys' woven cotton shirts in the U.S. during the calendar year immediately preceding the payment, as supported by production records maintained under paragraph (b)(1) of this section;

(3) The manufacturer maintains invoices and other supporting documentation (such as price lists and other technical descriptions of the fabric qualities) showing the dollar value of qualifying fabric purchased, the date of purchase, and evidencing the fabric as qualifying fabric; and

(4) The imported cotton fabric purchased in the calendar year immediately preceding the payment was suitable for use in the manufacturing of men's and boys' cotton shirts.

(c) *Date of purchase.* For purposes of the affidavit under paragraph (b) of this section, the date of purchase shall be the invoice date.

(d) *Dollar value of purchase.* For purposes of the affidavit under paragraph (b) of this section, the dollar value shall be determined excluding duty, shipping, and related costs.

(e) *Fabric use.* For purposes of the affidavit under paragraph (b) of this section, and in specific reference to paragraph (b)(2) of this section, a manufacturer shall not report a dollar value of qualifying fabric purchased that is more than the dollar value of qualifying fabric that it used to cut and sew men's and boys' shirts during the calendar year immediately preceding the payment. The value of qualifying fabric purchased for any other purpose, including fabric held in inventory or destined for resale or other use, is not eligible for payment under the Agriculture Pima Trust and shall not be included by

the manufacturer in the amount reported under paragraph (b)(2) of this section.

§1471.5 Affidavit of pima cotton trade associations.

In addition to any applicable information requirements in §1471.1, trade associations filing a claim for a payment under the Agriculture Pima Trust must provide a statement that states that during the calendar year immediately preceding the payment they were, as determined by the Secretary, a domestic nationally recognized association established and operating for the promotion of pima cotton for domestic use in textile and apparel goods.

Subpart B—Agriculture Wool Trust

§1471.10 Provisions common to this subpart.

(a) *Agriculture Wool Trust—(1) Establishment.* The Agriculture Wool Trust has been established to provide funding for payments under this subpart.

(2) *Purpose.* The purpose of the Agriculture Wool Trust is to reduce the injury to domestic manufacturers resulting from tariffs on wool fabric that are higher than tariffs on certain apparel articles made of wool fabric.

(3) *Funding availability.* Not more than \$30,000,000 will be available annually for payments authorized under this subpart.

(4) *Definitions.* As used in this subpart:

Agriculture Wool Trust means the Agriculture Wool Apparel Manufacturers Trust Fund.

CCC means the Commodity Credit Corporation.

FAS means the Foreign Agricultural Service.

HTS means the Harmonized Tariff Schedule of the United States.

Secretary means the Secretary of Agriculture.

TRQ means Tariff Rate Quota.

U.S. means the United States of America.

(b) *Provisions common to this subpart—(1) Affidavits.* FAS shall annually, not later than February 15 of the year of the applicable payment, make affidavits available on the FAS website. Affidavits must be submitted in accordance with the instructions provided on the FAS website.

(2) *Filing deadline.* Any person filing an affidavit under this subpart for a particular year must file the affidavit not later than March 1 of such year.

(3) *Affirmation.* By submitting an affidavit under this subpart, an applicant is affirming that all information contained in the application is complete and correct and that the information does not contain a false claim, statement, or representation.

(4) *Document retention.* All persons receiving a payment under this subpart must maintain all pertinent documentation for three years after the year of receipt of the payment.

(5) *False statements.* Persons providing false or fraudulent claims or making materially false statements or representations are subject to civil or criminal penalties pursuant to 18 U.S.C. 1001.

(6) *Confidential information.* Specific business information provided in affidavits that is marked “business confidential” will be protected from disclosure to the full extent permitted by law.

(7) *Review of affidavits.* Affidavits will be reviewed to determine whether they are complete and responsive to the content and form of affidavit requirements in this subpart.

(8) *Finality of determination by the Secretary.* A determination by the Secretary about a payment under this subpart shall be final and is not subject to appeal or protest.

(9) *Timing of payments.* A payment for which a person is eligible under this

subpart will be disbursed not later than April 15 of the applicable year.

(10) *Proration and sequester*. Payments covered by this subpart will be subject to proration in the event that insufficient funds exist in the Agriculture Wool Trust during the year of the payment, and will be subject to sequester, if required by law.

(11) *HTS subheadings*. All references to subheadings of the HTS in this subpart are to the subheadings as described in the HTS in 2014.

§1471.11 Payments to manufacturers of certain worsted wool fabrics.

(a) *Definitions*. In this section the following definitions apply:

Eligible person means a manufacturer in the U.S. of qualifying worsted wool fabric during the calendar year immediately preceding the payment and during each of calendar years 1999, 2000, and 2001.

Qualifying worsted wool fabric means a worsted wool fabric containing at least 85% by weight worsted wool of the kind described in subheading 9902.51.11 or 9902.51.15 of the 2014 HTS that, during the calendar year immediately preceding the payment and during each of calendar years 1999, 2000, and 2001, was manufactured by an eligible person in the United States.

(b) *Distribution of funds*. From amounts in the Agriculture Wool Trust, CCC will annually make payments to eligible persons that manufactured qualifying worsted wool fabric as provided in paragraph (b)(1) or (2) of this section.

(1) *Payments for production under subheading 9902.51.11 of the HTS*. A total of \$2,666,000 will be allocated annually among eligible persons covered by this paragraph (b)(1) on the basis of the percentage of each eligible person's total production (actual production, not estimates) of qualifying worsted wool fabric that is of the kind described in subheading 9902.51.11 of the HTS for each of the calendar years 1999, 2000, and 2001 in relation to the total production of such fabric by all eligible persons who qualify

for payments under this paragraph (b)(1) for each of the calendar years 1999, 2000, and 2001.

(2) *Payments for production under subheading 9902.51.15.* A total of \$2,666,000 will be allocated annually among eligible persons covered by this paragraph (b)(2) on the basis of the percentage of each eligible person's total production (actual production, not estimates) of qualifying worsted wool fabric that conforms in composition to subheading 9902.51.15 of the HTS for each of the calendar years 1999, 2000, and 2001 in relation to the total production of such fabric by all eligible persons who qualify for payments under this paragraph (b)(2) for each of the calendar years 1999, 2000, and 2001.

(c) *Annual affidavit*—(1) *In general.* An eligible person applying for a payment under this section shall comply with all applicable reporting requirements of this section and of §1471.10.

(2) *Specific business information.* An eligible person shall annually report the actual dollar value and the actual quantity (linear yards) of qualifying worsted wool fabric that was manufactured in the calendar year immediately preceding the payment and for each of calendar years 1999, 2000, and 2001.

(3) *Manufacturing of wool.* When reporting the annual dollar value and quantity of the qualifying wool fabric that was manufactured, an eligible person may either have manufactured the qualifying worsted wool on its own behalf or had another person manufacture the qualifying worsted wool fabric, provided the eligible person owned the qualifying worsted wool fabric at the time of manufacture.

§1471.12 Refund of duties paid on imports of certain wool products.

(a) *Eligible wool.* Eligible wool under the Duty Refund program means imported wool yarn of the kind described in section 505 of the Trade and Development Act of 2000 Public Law 106-200 (May 18, 2000).

(b) *Payments*—(1) *Eligibility*. Persons eligible for a Duty Refund payment are manufacturers who, in the year immediately preceding the payment, were actively engaged in manufacturing wool (as determined by FAS), and in calendar years 2000, 2001, and 2002—

- (i) Imported eligible wool directly or indirectly; and
- (ii) Used the imported wool to make men's or boy's suits; or
- (iii) Further manufactured the eligible imported wool.

(2) *Payment amount*. Persons eligible for a Duty Refund payment shall be paid the same amounts that were made to the persons by U.S. Customs and Border Protection (CBP) in 2005.

§1471.13 Monetization of the wool tariff rate quota.

(a) *Definitions*. In this section the following definitions apply:

(1) *Lower duty rate*. The term “lower duty rate” means the duty rate as codified in the 2014 HTS that would have been applicable to qualifying worsted wool fabric of the kind described in subheadings 9902.51.11, 9902.51.15, and 9902.51.16 of the 2014 HTS prior to the expiration of the Wool TRQ on December 31, 2014.

(2) *Eligible person*. The term “eligible person” means a manufacturer (or a successor-in-interest to the manufacturer) in the U.S. or in a Foreign Trade Zone authorized under the Foreign-Trade Zones Act of 1934 (19 U.S.C. 81a-81u) that, during the calendar year immediately preceding the payment, imported qualifying worsted wool fabric and used the imported qualifying worsted wool fabric as described in paragraph (a)(3) of this section.

(3) *Qualifying worsted wool fabric*. The term “qualifying worsted wool fabric” means imported worsted wool fabric containing at least 85% by weight worsted wool of the kind described in subheading 9902.51.11, 9902.51.15, or 9902.51.16 of the 2014 HTS

that, during the calendar year immediately preceding the payment was:

- (i) Imported by an eligible person in the U.S.; and
- (ii) Used by the eligible person in the U.S.

(A) In the case of wool fabric of the kind described in subheading 9902.51.11 or 9902.51.15 of the HTS, the qualifying fabric shall be used to produce worsted wool suits, suit-type jackets, or trousers for men and boys; or

(B) In the case of wool fabric of the kind described in subheading 9902.51.16 of the HTS, the qualifying fabric shall be used in manufacturing.

(4) *Successor-in-interest.* The term “successor-in-interest” means a person that is eligible to claim a payment under this section as if the person were the original eligible person, without regard to section 3727, title 31, United States Code. A person may succeed to the status of the successor-in-interest to the eligible person and become eligible for the payment because of—

- (i) An assignment of the claim;
- (ii) An assignment of the original eligible person's right to manufacture under the same trade name; or
- (iii) A reorganization of the eligible person.

(b) *Purposes.* The purposes of a TRQ monetization payment are to provide an eligible person—

(1) Compensation for termination of the TRQ for qualifying worsted wool fabric; and

(2) A payment that is equivalent to the amount the eligible person would have saved during the calendar year immediately preceding the payment for imports of qualifying worsted wool fabric if the lower duty rate under the applicable 2014 HTS subheading(s) of a qualifying worsted wool fabric were in effect.

(c) *Calculation of monetized TRQ payment.* A payment will be established by

calculating the savings that would have been realized by the eligible person for imports of qualifying worsted wool fabric had the lower duty rate been in effect by—

(1) Establishing the reported dollar value of imported worsted wool fabric, for each of the 2014 HTS subheadings of worsted wool fabric, during the calendar year immediately preceding the payment;

(2) Subtracting the duty rate (converted to numeric value) for each applicable 2014 HTS subheading of worsted wool fabric that would have been paid in calendar year 2014 from the duty rate (converted to numeric value) that was actually paid in the calendar year immediately preceding the payment;

(3) For each applicable 2014 HTS subheading of worsted wool fabric, multiplying the numeric values described in paragraphs (c)(1) and (2) of this section; and

(4) Adding each product obtained in paragraph (c)(3) of this section.

(d) *Annual affidavit*—(1) *In general*. An eligible person applying for a payment under this section shall comply with all applicable reporting requirements of this section and of §1471.10.

(2) *Specific business information*—(i) *Imports and production*. An eligible person shall, for the entire calendar year immediately preceding the payment, report the actual dollar value and the actual quantity (square meters) of their imports into the U.S. of qualifying worsted wool fabric and the amount of qualifying worsted wool fabric used by the eligible person in the U.S.

(ii) *Direct and indirect importers*. Eligible persons that directly import qualifying worsted wool fabric and pay the import duty for such wool are considered to be direct importers of the qualifying worsted wool fabric. Persons that import qualifying worsted wool fabric through a third party broker are considered to be indirect importers of the qualifying worsted wool fabric. Eligible persons must state in their annual affidavit whether, in the calendar year immediately preceding the payment, they were direct or

indirect importers, and the dollar value of the imported qualifying worsted wool fabric.

The reported dollar value of such imports by indirect importers will be subject to a 10% reduction.

(iii) *Import documentation.* Eligible persons must maintain supporting documentation for the amounts reported on their affidavits and shall provide copies of such supporting documentation upon the request of FAS.

(3) *Production of garments or manufacturing of qualifying worsted wool fabric—*

(i) *Production of garments.* When reporting the annual dollar value and quantity of imported qualifying worsted wool fabric of the kind described in subheadings 9902.51.11 and 9902.51.15 of the 2014 HTS, an eligible person may either have cut and sewn the wool on its own behalf or had another person cut and sew the wool on behalf of the eligible person, provided the eligible person owned the wool at the time it was cut and sewn.

(ii) *Manufacturing of qualifying worsted wool fabric.* When reporting the annual dollar value and quantity of imported qualifying worsted wool fabric of the kind described in subheading 9902.51.16 of the 2014 HTS, an eligible person may either have manufactured the wool on its own behalf or had another person manufacture the wool on behalf of the eligible person, provided the eligible person owned the wool at the time of manufacture.

§1471.14 Wool yarn, wool fiber, and wool top duty compensation payment.

(a) *Definitions.* In this section the following definitions apply:

(1) *Duty.* The term “duty” means the duty rate codified in the HTS for a year that is applicable to qualifying wool of the kind described in subheadings 9902.51.13 and 9902.51.14 of the 2014 HTS.

(2) *Eligible person.* The term “eligible person” means a manufacturer (or a successor-in-interest to the manufacturer) in the U.S. or in a Foreign Trade Zone

authorized under the Foreign-Trade Zones Act of 1934 (19 U.S.C. 81a-81u) that, during the calendar year immediately preceding the payment, imported qualifying wool and manufactured the qualifying wool directly or had another person manufacture the qualifying wool, providing the eligible person owned the qualifying wool at the time it was manufactured.

(3) *Qualifying wool.* The term “qualifying wool” means imported wool yarn of the kind described in subheading 9902.51.13 of the 2014 HTS or imported wool fiber or wool top of the kind described in subheading 9902.51.14 of the 2014 HTS, that, during the calendar year immediately preceding the payment, was imported, either directly or indirectly, by an eligible person (or a successor-in-interest) into the U.S. and manufactured by the eligible person in the U.S.

(4) *Successor-in-interest.* The term “successor-in-interest” means a person that is eligible to claim a payment under this section as if the person were the original eligible manufacturer, without regard to section 3727, title 31, United States Code. A person may succeed to the status of the successor-in-interest to the eligible person and become eligible for the payment because of—

(i) An assignment of the claim;

(ii) An assignment of the eligible person's right to manufacture under the same trade name; or

(iii) A reorganization of the eligible person.

(b) *Import duties.* The duties on imports of qualifying wool were suspended in their entirety in section 503 of the Trade and Development Act of 2000. The suspension of the duties for both HTS subheadings of qualifying wool was extended through December 31, 2014. These duties were reinstated as of January 1, 2015.

(c) *Duty compensation payment—(1) Calculation of payment.* The duty compensation payment of an eligible person will be established by calculating, as

provided in paragraphs (c)(2) through (4) of this section, the savings that would have been realized by the eligible person for imports of qualifying wool had the duty suspension been in effect.

(2) *Savings for each subheading.* The savings realized by an eligible person for imports of qualifying wool under a HTS subheading covered by this section shall be obtained by multiplying:

(i) The reported dollar value of imports under a HTS subheading during the calendar year immediately preceding the payment; and

(ii) The duty applicable to that HTS subheading in the calendar year preceding the payment, converted to numeric value.

(3) *Sum of subheading savings.* The product obtained in paragraph (c)(2) of this section for imports of qualifying wool previously described under each HTS subheading shall be added to the savings obtained for imports under the other HTS subheading (as applicable).

(4) *Duty compensation payment amount.* The sum obtained in paragraph (c)(3) of this section shall equal the annual duty compensation payment for the eligible person for the applicable calendar year.

(d) *Annual affidavit required—(1) In general.* An eligible person applying for a payment under this section shall comply with all applicable reporting requirements described in this section and §1471.10.

(2) *Specific business information—(i) Imports and production.* An eligible person shall, for the calendar year immediately preceding the payment, report the actual dollar value and the actual quantity of:

(A) Imports into the U.S. of qualifying wool by the eligible person; and

(B) Such qualifying wool that was manufactured in the U.S. by the eligible person.

(ii) *Direct and indirect importers*—(A) *In general*. Eligible persons that import qualifying wool through a third party broker are considered to be indirect importers of the qualifying wool. Persons that directly import qualifying wool and pay the import duty for such wool are considered to be direct importers of the qualifying wool.

(B) *Reported dollar value*. Eligible persons must state in their annual affidavit whether, in the calendar year immediately preceding the payment, they were direct or indirect importers, and the dollar value of the imported qualifying wool. The reported dollar value of imports by indirect importers will be subject to a 10% reduction.

(C) *Affirmation*. An eligible person shall annually affirm in the affidavit that, in the calendar year immediately preceding the payment, the eligible person:

- (1) Directly or indirectly imported the qualifying wool into the U.S.;
- (2) Manufactured the qualifying wool in the U.S.; and
- (3) Imported qualifying wool from the country of origin identified in the affidavit.

(iii) *Import documentation*. Eligible persons must maintain supporting documentation for the amounts reported on their affidavits and shall provide copies of such supporting documentation upon the request of FAS.

(3) *Manufacture of qualifying wool*. When reporting the annual dollar value and quantity of imported qualifying wool, and the annual dollar value and quantity of the qualifying wool that was manufactured, an eligible person may either have manufactured the qualifying wool on its own behalf or had another person manufacture the qualifying wool, provided the eligible person owned the qualifying wool at the time of manufacture.

Robert Ibarra,

Executive Vice President,

Commodity Credit Corporation.

In concurrence with:

Daniel Whitley,

Administrator,

Foreign Agricultural Service.

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